

TESCO SUBSIDIARY GETS FRESH PROCUREMENT SYSTEM 'ON THE SHELF' IN JUST THREE WEEKS



CASESTUDY

4. CASESTUDY



Retail giant Tesco has recently created a specialist internal operation, EMS (Engineering Maintenance Services Ltd), to help manage its 1,800 UK stores.

Established in December 2006, EMS replaces a previously outsourced maintenance service and is, effectively, a £110m independent business which employs 850 staff and utilises a fleet of 500 vans to provide countrywide coverage. As Stuart Lloyd, business consultant at EMS explains, the core business of EMS is maintenance service provision for the Tesco store real estate.

However, making that operation as efficient as the rest of Tesco's business required new IT solutions. After all, administering the many thousands of individual maintenance transactions carried out by EMS contractors is a significant undertaking.

As a result, in May 2007 a decision was taken by EMS management to set up a new work management system and quickly – in just three weeks!

A 'sell-by' date that couldn't be changed

The short timeframe wasn't the only challenge. The chosen IT solution had to link to an existing back end accounting package; SunSystems. It was not anticipated that its introduction would make additional demands on resources, especially in relation to human capital.

EMS needed a partner who was capable of taking on this project and its associated challenges. "We needed someone who could come in and get it up and running," says Stuart.

EMS's chosen partner was the independent IT applications company Four, utilising its iPOS procurement software. iPOS is an internet-based tool which has been designed to minimise procurement costs. Its web browser-based solution harnesses the latest technical solutions to deliver an intuitive, easy-to-use requisitioning system, allowing employees to quickly select items from catalogues as well as those from favourite-item lists or previous orders. Meanwhile, powerful workflow functionality enables multiple approvals and an email notification system, whilst orders placed by users can be checked against the EMS budget in real time.

Partnership, not protest, is key

The right choice of software wasn't the only important issue – the supplier's approach to doing business mattered just as much. "Four came across as having the flexibility we were looking for, and that's why we went with them," confirms Stuart. "The company wasn't rigid in terms of how things must happen and worked with us as requirements changed to get the new system up and running in time."

He added, "What we ended up having in comparison to what we first discussed was quite different."

The first elements of the completed system met the tight deadline and were up and running within three weeks. The system has subsequently expanded to meet other business needs. As Stuart remarked, "When we started it was a case of 'let's just get something to see us through the next six months.' What's been happening is that window is getting bigger and bigger, and we are now changing it quite a bit for the long term."



Four beat stiff competition, including incumbent suppliers, for this opportunity to work with EMS. Stuart believes that the reason Four stood out was due to the quality of its consultants and their partnership-based approach to business in general. "They didn't get frustrated every time we had to change something. They just got on with it," he recalls. "Usually with these projects, if there's a change there's always a change in budgets – but Four's attitude was consistently, 'let's just focus on getting it in and getting it going'."

Despite not having formal financial backgrounds, all of the EMS parts team are using the system. They have found working with the tool to be easy.

At the moment, EMS is currently using the requisitions, orders and invoicing modules in iPOS. The receipting module will be available shortly, which will allow engineers to receipt the parts received via an SMS message from their mobile phones. There is also work being done to refine the interface with the in-house accounting package; training needs also to be finalised for the more advanced functions. Stuart is frank in acknowledging that most of these issues are due to ensuring that the system was up and running to meet the initial deadline, but doesn't anticipate any major challenges in resolving them just as speedily.

Business advantage through technology

Just how is iPOS procurement software helping EMS? Better financial control, improved ease of processing (especially of invoices) and better support in general for the financial team is Stuart's immediate response. "When the old system was in place, ordering parts was not linked to the accounting system. To input an invoice you were entering it into two separate systems just to keep the records intact - double the effort, in other words. That's obviously all gone now."

Thanks to iPOS, the raising of month-end accruals is now also automated. Stuart sees scope for the easier manipulation of data and the capability to produce a wide variety of calculations and reports on the core data.

Beyond this, he also sees much greater visibility in relation to cash flow information. "When we move to the next phase and bring in receipting we can realise even more benefit there," he says. Other anticipated benefits include the negotiation of more attractive payment terms with suppliers, but in many ways EMS is just at the start of its journey, says Stuart. He added:

"There's lots of potential for management information; there's lots of data, and people are starting to get to grips with what it is and how it can be used. Once people know what to get out of it, it will be very useful for us."

Overall, Stuart says that the main reason for choosing iPOS can be summed up as: "Operational efficiency. Financial control was there before – but it wasn't so visible. Operationally, however, it's far more efficient." Essentially, the organisation is able to do more business but with the same number of staff, and that's due to our procurement system iPOS, which has to be good news for the company, its client Tesco, and suppliers.

Every little helps, it seems - especially when it comes to integrating procurement IT with accounting systems.

TESCO Client profile

Tesco is one of the world's leading international retailers. Since the company first used the trading name of Tesco in the mid 1920s, the group has expanded into different formats, markets and sectors. Tesco employs over 450,000 people in its businesses around the world and aims to deliver a consistently strong customer offer during every visit and transaction by focusing on the group's core purpose: to create value for customers to earn their lifetime loyalty.

Industry

Retail

Web

www.tesco.net

Technologies

iPOS procurement

Solution Summary

Retail giant Tesco has just created a new internal arm to cover the maintenance needs of its 1,780 UK stores. Four met the requirement for a new iPOS procurement system to allow the division to get up and running in a very tight timeframe of only three weeks. The deadline – and the need to integrate with existing accounting software – was met in May 2007. The new system allows Tesco to facilitate more maintenance work without hiring additional staff.



About Four

Four is an independent IT applications company specialising in the delivery of procurement solutions for Great Plains and SunSystems™ users.

Our consultants provide unrivalled technology, industry knowledge, and delivery experience – that has helped us implement integrated procurement solutions that best fit the business needs of our clients.

For more information, visit www.four.co.uk

